

UtahAmerican Energy, Inc.

January 16, 2006

Pam Grubaugh-Littig
Permit Supervisor
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Re: UtahAmerican Energy, Inc. Horse Canyon Mine 07-001 C/007/013.

Handwritten:
J. Jay Marshall
C/007/0013
#2742

Dear Ms. Grubaugh-Littig,

Attached you will find five (5) copies of the changes in the Horse Canyon Permit allowing for barriers to be built in the Lila Canyon remote portals.

Should you have any questions please call.

Sincerely,

R. Jay Marshall
R. Jay Marshall
Chief Engineer/Project Manager

RECEIVED

JAN 22 2007

DIV. OF OIL, GAS & MINING

APPLICATION FOR PERMIT PROCESSING

Permit Change <input type="checkbox"/>	New Permit <input type="checkbox"/>	Renewal <input type="checkbox"/>	Transfer <input type="checkbox"/>	Exploration <input type="checkbox"/>	Bond Release <input type="checkbox"/>	Permit Number: ACT/007/013
Title of Proposal: Task 07-001 Lila Canyon Portal Barrier Plan						Mine: Horse Canyon
						Permittee: UtahAmerican Energy, Inc.

Description, include reason for application and timing required to implement:

Instructions: If you answer yes to any of the first 8 questions (gray), submit the application to the Salt Lake Office. Otherwise, you may submit it to your reclamation

<input type="checkbox"/> Yes	<input type="checkbox"/> No	1. Change in the size of the Permit Area? _____ acres Disturbed Area? _____ acres <input type="checkbox"/> increase <input type="checkbox"/> decrease.
<input type="checkbox"/> Yes	<input type="checkbox"/> No	2. Is the application submitted as a result of a Division Order? DO # _____
<input type="checkbox"/> Yes	<input type="checkbox"/> No	3. Does application include operations outside a previously identified Cumulative Hydrologic Impact Area?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	4. Does application include operations in hydrologic basins other than as currently approved?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	5. Does application result from cancellation, reduction or increase of insurance or reclamation bond?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	6. Does the application require or include public notice/publication?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	7. Does the application require or include ownership, control, right-of-entry, or compliance information?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	9. Is the application submitted as a result of a Violation? NOV # _____
<input type="checkbox"/> Yes	<input type="checkbox"/> No	10. Is the application submitted as a result of other laws or regulations or policies? Explain: _____
<input type="checkbox"/> Yes	<input type="checkbox"/> No	11. Does the application affect the surface landowner or change the post mining land use?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2?)
<input type="checkbox"/> Yes	<input type="checkbox"/> No	13. Does the application require or include collection and reporting of any baseline information?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	15. Does application require or include soil removal, storage or placement?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	16. Does the application require or include vegetation monitoring, removal or revegetation activities?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	17. Does the application require or include construction, modification, or removal of surface facilities?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	18. Does the application require or include water monitoring, sediment or drainage control measures?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	19. Does the application require or include certified designs, maps, or calculations?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	20. Does the application require or include subsidence control or monitoring?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	21. Have reclamation costs for bonding been provided for?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	22. Does application involve a perennial stream, a stream buffer zone or discharges to a stream?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	23. Does the application affect permits issued by other agencies or permits issued to other entities?

X Attach 3 complete copies of the application.

<p>I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings, and obligations, herein.</p> <p style="text-align: center;"> Signed - Name - Position - Date <u>11/16/07</u> </p> <p>Subscribed and sworn to before me this <u>17</u> day of <u>Jan</u>, <u>2008</u>.</p> <p style="text-align: center;"> Notary Public </p> <p>My Commission Expires: <u>06-16-2010</u> Attest: STATE OF <u>UTAH</u> COUNTY OF <u>Cannonville</u></p>	<p>Received by Oil, Gas & Mining</p> <p style="font-size: 1.5em; font-weight: bold;">RECEIVED</p> <p style="font-size: 1.2em;">JAN 22 2007</p> <p>DIV. OF OIL, GAS & MINING</p> <p>ASSIGNED TRACKING NUMBER</p>
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ROCHELLE WOOD
 NOTARY PUBLIC-STATE OF UTAH
 90 NORTH 400 EAST PO BOX 944
 WELLINGTON, UT 84522
 COMM. EXP. 06-16-2010

Deficiency Task 07-001 Lila Canyon Portal Barrier Plan

Mine: Horse Canyon

Permittee: UtahAmerican Energy, Inc.

[illegible]

DIV. OF OIL, GAS & MINING

2.4 PORTAL CLOSURES

In the third quarter of 1986 all portals were sealed with solid block walls to prevent unauthorized entry of the mine. The seals used are suitable for temporary closure or permanent reclamation. A complete description and location of the seals is found in Section 4.6.

However, upon Phase III bond release it was discovered that the Lila Canyon permanent seals were in-by approximately 70' and it was decided to construct a barrier between the permanent seals and the outcrop. Figure II-1 located on page II-14A, shows the barrier construction plan.

2.6 AREAS TO BE RECLAIMED

There are 63.6 acres of disturbance within the permit area, of which 62.8 acres will be reclaimed. The area of disturbance to be reclaimed is shown on Plates II-3 A-G. An additional 10 acres will be disturbed when the bottom pit is used as fill and spoil material.

One area which will not be reclaimed are the two portals on the north side of Lila Canyon, 1.7 miles south-southeast of the facilities area (Plate II-2). This portal site comprises 0.8 acres of the total disturbance. Access to the site is a difficult two-hour hike on foot, climbing from the mouth of the canyon up the side wall to the breakout. From the south rim of the canyon above the site and from the canyon bottom the portal site is not visible to the casual viewer. All materials from mining activities were pulled inside the mine opening before it was sealed. Because of the remoteness of the site, lack of access, natural sloughing of rock which will eventually cover the portals, and small size of the disturbance, Intermountain Power Agency is proposing to do no further reclamation in this area.

However, upon Phase III bond release it was discovered that the Lila Canyon permanent seals were in-by approximately 70' and it was decided to construct a barrier between the permanent seals and the outcrop. Figure II-1 located on page II-14A, shows the barrier construction plan.

2.8 BACKFILLING AND GRADING

This section discusses the backfilling and regrading that will be done during the mining plan period. Backfilling and regrading will involve closure of the portals which are not required for future mining plans, regrading surface areas, backfilling against highwalls, and regrading some roads. The objective of these activities is to restore the site to topographic configurations and geomorphic conditions similar to the surrounding area. Details of the backfilling and regrading are discussed in this section and in Section 4.3.

2.8.1 Portal Closures

All portals have already been closed with a solid block masonry wall suitable for permanent reclamation. All portals with the exception of the Lila Canyon east and west portals will be backfilled and revegetated during reclamation. Figure 4.6.2-1 shows a typical portal section that has been sealed and backfilled.

The Lila Canyon portals have been sealed with permanent masonry walls immediately back from the opening. The exterior fan facilities have already been removed, and the small pad which remains has been cleared of any mining equipment. Because of the remoteness and inaccessibility of the portals it is proposed that no further backfilling will take place at this location. However, upon Phase III bond release it was discovered that the Lila Canyon permanent seals were in-by approximately 70' and it was decided to construct a barrier between the permanent seals and the outcrop. Figure II-1 located on page II-14A, shows the barrier construction plan. There is no means of access to the portals other than foot travel, thus it would be impossible to regrade the small pad which remains. Natural sloughing of rock from above the portals has been noted, and it appears that eventually the portals will be covered by this rock fall.

This Plan will be implemented in conjunction with the first area helicopter drilling in the spring of 2007.



STRUCTURE TO BE USED IN BARRIER APPLICATIONS ONLY. THIS STRUCTURE IS NOT INTENDED TO BE USED AS A SUBSTITUTE FOR AN MSHA APPROVED SEAL.

All Material will be flow in by helicopter.
There will be "NO" suface disturbance during the
consturction of the barriers.

ELEVATION

Page 11-14A

4.6 PORTAL SEALS

There are twelve mine openings within the Horse Canyon permit area that are sealed. The seals used are suitable for temporary closure or permanent reclamation. These portals are specifically located on Plates II-1A,B.

Upon Phase III bond release it was discovered that the Lila Canyon permanent seals were in-by approximately 70' and it was decided to construct a barrier between the permanent seals and the outcrop. Figure II-1 located on page II-14A, shows the barrier construction plan.

There are two drill holes in the permit area (Plate II-1B). They will be permanently plugged and capped during reclamation. One is an 8-inch, cased drill hole that during mining operations was used to supply a pressurized source of water to the mine. The drill hole is connected to the mine water system on the surface by a six-inch steel pipeline and isolated with gate valves. Temporary sealing of the drill hole during the mining plan period will be achieved by closing the surface valve.

There is also a drill hole near the South Fan which was installed for the hoist power cable. This drill hole is temporarily sealed and will be plugged during demolition of the South Fan building.

4.6.1 Mining Plan

The main intake portal (south), the manway portal, and the drill hole will remain sealed during the period of time that the mine is inactive. The seals will be repaired on an as-needed basis if they are damaged by geomorphic process or by vandals.